



**LAW OFFICE OF RHONDA COOK NEUMAN**

P.O. Box 129  
Columbia, Maryland 21045  
(410) 715-9877  
FAX (410) 992-9542

**CHAPTER 13 ATTORNEY SYMPOSIUM - MARCH 2, 2001- OUTLINE  
ANTICIPATING SECURED CLAIMS AND MOTIONS TO AVOID LIENS**

by Rhonda Cook Neuman, Esq.

**I. ANTICIPATING SECURED CLAIMS**

**A. LIEN INQUIRY REGARDING EXEMPT PROPERTY-** Is lien exempt under 11 U.S.C. section 522(f) because it is on exempt personal property of a non-possessory, non-purchase money security interest in household furnishings, household goods, wearing apparel, appliances, books, musical instruments and jewelry that are primarily for the personal, family, or household use of the debtor or a dependent of the debtor?

**B. REVIEW OF DEBTOR'S SECURITY AGREEMENTS**

**C. LIST OF SECURED CREDITORS -** Citifinancial, Norwest, Wells Fargo, Rose Shanis, Beneficial, The Associates, Blazer, United Consumer Group

**II. MOTION TO AVOID LIEN**

**A. DOCUMENTATION**

**1. NOTICE OF DEBTOR'S MOTION TO AVOID LIEN- SEE  
ATTACHED SAMPLE & LOCAL BANKRUPTCY FORM C**

**2. SAMPLE MOTION TO AVOID LIEN/ORDER - SEE  
ATTACHED**

**3. FILING MOTION TO AVOID LIEN/ORDER - PRIOR TO 341  
HEARING**

**B. MONITORING CREDITOR'S RESPONSE**

**1. HAS SECURED CREDITOR FILED CLAIM/ANSWER TO  
MOTION TO AVOID LIEN? SEE PACER -** If so, negotiation with creditor's attorney (settlement agreement) or attend hearing.

**2. HAS SECURED CREDITOR MISSED DEADLINE TO FILE  
ANSWER TO MOTION TO AVOID LIEN?** If so, contact bankruptcy court to see if default order has been signed prior to lien avoidance hearing date.

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND

APPENDIX A

IN RE: \_\_\_\_\_  
at \_\_\_\_\_  
: Case No. \_\_\_\_\_  
: Chapter \_\_\_\_\_  
Debtor(s) \_\_\_\_\_  
: \_\_\_\_\_  
: \_\_\_\_\_  
Movant(s) \_\_\_\_\_  
vs. \_\_\_\_\_  
: \_\_\_\_\_  
: \_\_\_\_\_  
Respondent \_\_\_\_\_  
: \_\_\_\_\_  
-----

**NOTICE OF DEBTOR(S)' MOTION  
TO AVOID LIEN PURSUANT TO 11 U.S.C. § 522(f)  
AND HEARING THEREON**

A motion was filed on behalf of the debtor(s) to avoid a lien held by \_\_\_\_\_. Your rights may be affected. You should read these papers carefully and discuss them with your lawyer. (If you do not have a lawyer, you may wish to consult one.) A copy of the motion is attached.

If you do not want the court to grant the motion avoiding the lien, or if you want the court to consider your views on the motion, then by \_\_\_\_\_ \* you or your lawyer must file with the Clerk of the Bankruptcy Court a response to the motion explaining your position and mail a copy of the response to:

[movant's attorney's name and address, or movant's name if pro se]

If you mail, rather than deliver, your response to the Clerk of the Court for filing, you must mail it early enough so that the court will receive it by the date stated above.

If you file a timely response to the motion, the hearing on the motion will take place on \_\_\_\_\_, at \_\_\_\_\_, \*\* in Courtroom \_\_\_\_\_, United States Bankruptcy Court, \_\_\_\_\_.

If you or your lawyer do not file and serve a timely response to the motion, the court may find that you do not oppose the relief sought in the motion and may grant or otherwise dispose of the motion before the scheduled hearing date.

DATE: \_\_\_\_\_ \*\*\*

Signature (Attorney or Movant if pro se) \_\_\_\_\_

Telephone No. \_\_\_\_\_

[\*] Insert date that is at least **25 days** after the date this notice is mailed.

[\*\*] Insert date and time from list of dates available for judge assigned case that is at least **50 days** after the date of this notice.

[\*\*\*] Insert date notice served.

**Local Bankruptcy Form C**

**CERTIFICATE OF SERVICE**

I certify that on the \_\_\_\_\_ day of \_\_\_\_\_, 1998,  
copies of the notice and motion to avoid lien were served upon the  
Respondent c/o the name and at the address set forth below.

(1)

(2)

(3)

(4)

(5)

(6)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**NOTE: Service must be made pursuant to Federal Bankruptcy Rule 7004**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
at Baltimore, Maryland

IN RE:

Howard & Leoneda Hatter  
Debtor(s)

\* Case # 00-62823JS  
\* Chapter 13

\*\*\*\*\*

Howard & Leoneda Hatter

\*

\*

Movant(s)/Plaintiff(s)

\*

\*

v.

\*

\*

Citifinancial Inc.

\*

Respondent(s)/Defendant

\*

\*\*\*\*\*

**NOTICE OF DEBTOR(S)' MOTION TO AVOID LIEN  
PURSUANT TO 11 U.S.A. 522(f) AND HEARING THEREON**

A motion was filed on behalf of the debtor(s) to avoid a lien held by Citifinancial Inc. Your rights may be affected. You should read these papers carefully and discuss them with your lawyer. (If you do not have a lawyer, you may wish to consult one.) A copy of the motion is attached.


If you do not want the court to grant the motion avoiding the lien, or if you want the court to consider your views on the motion, then by Jan. 10, 2001 you or your lawyer must file with the Clerk of the Bankruptcy Court a response to the motion explaining your position and mail a copy of the response to:

Rhonda Cook Neuman, Esq., P.O. Box 129, Columbia, MD 21045

If you mail, rather than deliver, your response to the Clerk of the Court for filing, you must mail it early enough so that the court will receive it by the date stated above.

If you file a timely response to the motion, the hearing on the motion will take place on Feb. 9, 2001, at 10:00 am, in Courtroom 9-D, United States Bankruptcy Court, 101 Lombard Street, Baltimore, MD 21201.

If you or your lawyer do not file and serve a timely response to the motion, the court may find that you do not oppose the relief sought in the motion and may grant or otherwise dispose of the motion before the scheduled hearing date.

  
Signature of Attorney  
Telephone No. 410-715-9877

**CERTIFICATE OF SERVICE**

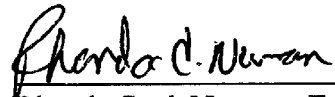
I hereby certify that on this 15<sup>th</sup> day of December, 2001 a copy of the foregoing Notice and Motion To Avoid Lien Impairing Debtor(s)' Exemptions was mailed first class, postage prepaid, upon the Respondent c/o the name and at the address set forth below and to the other interested parties:

Citifinancial, Inc.  
P.O. Box 9843  
Towson, MD 21284  
Respondent

U.S. Life Credit Corp.  
300 East Lombard Street  
Baltimore, MD 21202  
Resident Agent

Cohn, Goldberg, & Deusch  
600 Baltimore Avenue  
Suite 208  
Towson, MD 21204  
Attorney for Respondent

Joel Goldberger, Esq.  
7310 Ritchie Highway  
Suite 715  
Glen Burnie, MD 21061  
Trustee

  
Rhonda Cook Neuman, Esq.  
P.O. Box 129  
Columbia, MD 21045  
(410)715-9877  
Bar No. 10902

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND

IN RE:

Howard & Leoneda Hatter

\* Case # 00-62823JS

Debtor(s)

\* Chapter 13

\*\*\*\*\*

Howard Hatter

\* Motion to Avoid Lien

Leoneda Hatter

\* with Citifinancial Inc.

Movant(s)/Plaintiff(s)

\* Pleading Title

\*

v.

\*

\*

Citifinancial Inc.

\* Motion/Adversary No.

Respondent(s)/Defendant

\*

\*\*\*\*\*

**MOTION TO AVOID LIEN WITH CITIFINANCIAL  
IMPAIRING DEBTORS' EXEMPTIONS**

Howard and Leoneda Hatter, by Rhonda Cook Neuman, their attorney, hereby file this Motion to Avoid Lien Impairing Debtor's Exemptions under 11 U.S.C. Section 522(f) and for reasons state:

1. That on Oct. 12, 2000, the Debtor(s) filed a Voluntary Petition in this Court under Chapter 7, 11 U.S.C. commencing the above numbered case.

2. That Citifinancial Inc. has a lien/security agreement on property of the Debtor(s) generally described as personal property such as household goods and furnishings, some specifically listed, among others those shown on Exhibit A.

3. Such a lien/security agreement in the personal property is exempt under 11 U.S.C. section 522(f) and the lien is on exempt personal property of a non-possessory, non-purchase-money security interest in household furnishings, household goods, wearing apparel, appliances, books, musical instruments and jewelry that are primarily for the personal, family, or household use of the Debtor(s) or a dependent of the Debtor(s).

**WHEREFORE**, the Debtor(s) pray for relief as follows:

1. That the lien described above be avoided; and
2. For such other and further relief as the nature of his cause may require.

*Rhonda C. Neuman*  
Rhonda Cook Neuman, Esq.  
P.O. Box 129  
Columbia, MD 21045  
(410)715-9877  
Bar No. 10902

FILED (A)  
2000 DEC 26 P 12:05  
U.S. BANKRUPTCY COURT  
DISTRICT OF MARYLAND

# Disclosure Statement, Note and Security Agreement

Borrower (Name and mailing address) ROBERT A. HATTEK LEONIDA HATTEK 19 CINDER RD BETHESDA MD 20814		Lender (Name, address, city and state) CITIFINANCIAL, INC. 811 GOUCHER BLVD BALTIMORE MARYLAND 21286		Account No. 191387
				Date of Loan 02/29/2000
ANNUAL PERCENTAGE RATE The cost of Borrower's credit as a yearly rate.		FINANCE CHARGE The dollar amount the credit will cost Borrower.		Amount Financed The amount of cash provided to Borrower or on Borrower's behalf.
23.99 %		\$ 6,197.52		\$ 8,493.24
				Total of Payments The amount Borrower will have paid after Borrower has made all payments as scheduled. \$ 14,490.76
Payment Schedule: Number of Payments Amount of Payments		When Payments Are Due		Security: If checked, Borrower is giving a security interest in: Motor Vehicle <input type="checkbox"/> Mobile Home <input type="checkbox"/> Real Property <input checked="" type="checkbox"/> Other MISC PERM PROP <input type="checkbox"/>
1 \$ 376.24		04/05/2000		Late Charge: If a payment is 10 days late, Borrower will be charged the greater of \$ 5.00 or 5.0 % of the amount of the late payment.  Prepayment: If Borrower pays off early, Borrower will not have to pay a penalty, and will not be entitled to a refund of part of the finance charge.  Demand Feature: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> This obligation has a demand feature.
52 \$ 344.24		MONTHLY BEGINNING 05/05/2000		
S				
See the contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.				

**Personal Information:**  
Borrower: NONE  
Spouse: NONE  
Date Charges Begin: 02/29/2000

**Insurance Disclosure:** Borrower is not required to purchase any type of insurance to obtain Credit, unless Borrower grants Lender a security interest as indicated in this document. In that event, insurance to protect the Lender's interest in the collateral may be required. Lender's decision to grant credit will not be affected by Borrower's decision to purchase or refuse optional insurance products, such as: Credit Life, Credit Disability, Involuntary Unemployment Insurance, Credit Property Insurance or any other optional insurance products.

Insurance offered at Lender's office, with the exception of Non-Filing Insurance, will not be provided unless Borrower signs and agrees to pay the premium cost. The term of coverage and the premium cost of certain types of insurance purchased by Borrower are shown below. Additional insurance products of purchase, will have a separate application and will be disclosed in other loan documents. The initial amount of coverage for Credit Life and/or Credit Property Insurance set forth in Borrower's insurance certificate may be equal to the Total of Payments stated above, and may exceed the amount necessary to pay off Borrower's loan at any given time. Any excess coverage amount will be paid to the designated beneficiary or to Borrower's estate.

Borrower acknowledges that, if optional Credit Property Insurance is purchased, Borrower's property coverage under other policies such as homeowner's or renter's insurance may be adversely affected.

If this loan is secured by real property, mobile/manufactured home, or a motor vehicle (including a recreational vehicle), then fire, extended coverage, collision and/or comprehensive casualty insurance is required, naming Lender as loss payee, until the loan is fully paid. The amount of such insurance must be sufficient to satisfy the unpaid balance of the loan, or be equal to the value of the collateral, whichever is less. Such insurance may be provided through an existing policy or a policy obtained independently and purchased by Borrower. Borrower may obtain such insurance from any insurer that is reasonably acceptable to Lender. If Borrower obtains Automobile Single-Interest Insurance at Lender's office, Borrower acknowledges that such insurance: (1) may cost more than insurance that is available from another insurer; (2) will only protect Lender's interest in the motor vehicle and does not protect Borrower's interest; and (3) does not protect Borrower from claims by other persons. If this loan is secured by personal property, Non-Filing Insurance may be required.

**Termination of Insurance:** Borrower may cancel any of the optional insurance products obtained at Lender's office at any time. Additionally, if required insurance terminates before the loan is repaid, Borrower promises to obtain acceptable substitute insurance. If Borrower is in default, and under default, then Borrower immediately repay the loan in full. Borrower authorizes the insurer for any and/or all optional insurance products to terminate such policies or coverages upon request of Lender. If any insurance purchased at Lender's office is terminated for any reason, Borrower authorizes and directs that the insurer deliver the premium refund, if any, to the Lender which may or its option apply it to the unpaid balance of the loan or return it to Borrower. Any such application of premium refund will not affect the amount or due date of subsequent payments on the loan, but may reduce the number of such payments.

Borrower should refer to the terms contained in the applicable certificate or policy issued for the exact description of benefits and exclusions. Borrower is encouraged to inquire about coverage and refund provisions.

The regular monthly loan payment without insurance: \$ 139.46

We request the following insurance:

Cost/Premium	Insurance Type	Insurance Term (in mos.)
\$ 209.00	JOINT CREDIT LIFE	50
\$ 444.23	JOINT CREDIT DISAB	50
\$ 450.00	PROPERTY INS	60

SPONE

SPONE

**TERMS:** In this Disclosure Statement, Note and Security Agreement, the word "Borrower" refers to the persons signing below as Borrower, whether one or more. If more than one Borrower signs, each will be responsible, individually and together, for all promises made and for repaying the loan in full. The word "Lender" refers to the Lender, whose name and address are shown above.

**PROMISE TO PAY:** In return for a loan that Borrower has received, Borrower promises to pay to the order of Lender the Principal amount shown above, plus interest on the unpaid Principal balance from the Date Charges Begin shown above at the rate of interest of 23.99% per annum. On the 15th anniversary of the Date of Loan shown above, the rate of interest applicable to the remaining unpaid principal balance shall decrease to 15% per annum.

Any amount shown above as Fees has been paid by Borrower as fees and any amount shown above as a Buydown Fee has been paid by a party other than the Borrower as a Buydown Fee. These amounts are considered a prepaid charge and are in addition to interest calculated at the above stated or interest. Any Fees or Buydown Fee are earned prior to any other interest on the loan balance. In the event of prepayment of the loan, prepaid Fees and/or Buydown Fees will not be refundable to Borrower.

Principal and interest shall be payable in the monthly installments shown above, except that any appropriate adjustments will be made to the first and final payments, beginning on the first payment date shown above and continuing on the same day in each following month until paid in full unless this loan is subject to a call provision as indicated, in which event the final payment date may be accelerated. Upon the final payment date or the acceleration thereof, the entire outstanding balance of Principal and interest evidenced by this Disclosure Statement, Note and Security Agreement shall be due and payable. Any payments which Lender accepts after the final payment date or the acceleration thereof do not constitute a renewal or extension of this loan unless Lender so documents.

Borrower's Initials: *RB*

Page 1 of 2

MD 15398 & 10000

Original (Branch) Copy (Customer)

Payment will be applied first to interest computed to the date of payment, with the remainder applied to Principal. Lender may collect interest from later maturity upon the unpaid Principal balance at the maximum rate permitted under the then applicable law or the rate of interest prevailing at the date of maturity under this Disclosure Statement, Note and Security Agreement.

If this box is checked, the following provision applies:

**CALL:** Lender, at its option, may declare any remaining indebtedness immediately due and payable years after the date of this loan or annually thereafter, on the anniversary of that date.

**PREPAYMENT:** Borrower may prepay this loan in whole or in part at any time without penalty. However, upon partial prepayment, interest will accrue on any remaining Principal balance. Partial prepayment does not excuse subsequent monthly payments.

#### SECURITY AGREEMENT:

A. If this box is checked, this loan is unsecured.

B. If this box is checked, to protect Lender if Borrower defaults on this loan, Borrower gives to Lender a security interest under the Uniform Commercial Code, except motor vehicle to be secured under the applicable motor vehicle laws, in any property for which a description is completed below and all parts and equipment now or later added to the property and any proceeds of the property, all which will be called "Property." See below for additional terms applicable to this security interest:

Motor Vehicle/Motor Home Make, No. Cylinders	Year/Model	Model No. Or Name	Body Type	Identification Number

Other Property: See Exhibit A attached hereto and made a part hereof.

C. If this box is checked, the loan is secured by a Mortgage or Deed of Trust of even date on real property which restricts transfer or sale of the real property located at:

See the Mortgage or Deed of Trust for terms applicable to Lender's interest in Borrower's real property ("Property").

**OWNERSHIP OF PROPERTY:** Borrower represents that the Property is owned by Borrower free and clear of all liens and encumbrances except those which Borrower has informed Lender in writing. Prior to any default, Borrower may keep and use the Property at Borrower's own risk, subject to provisions of the Uniform Commercial Code. If the Property includes a motor vehicle or mobile home, Borrower will, upon request, deliver the title of this to the motor vehicle or mobile home to Lender.

**USE OF PROPERTY:** Borrower will not sell, lease, encumber, or otherwise dispose of the Property without Lender's prior written consent. Borrower will keep the Property at Borrower's address (as shown on page 1) unless Lender has granted permission in writing for the Property to be located elsewhere. The Property will be used only in the state in which Borrower lives unless the Property is a motor vehicle, in which case it may be used outside the state only in the course of Borrower's normal use of the Property. Borrower will not use or permit the use of the Property for hire or for gar purposes.

**TAXES AND FEES:** Borrower will pay all taxes, assessments, and other fees payable on the Property, this Disclosure Statement, Note and Security Agreement, or the loan. If Borrower fails to pay such amounts, Lender may pay such amounts for Borrower and the amounts paid by Lender will be added to the unpaid balance of the loan.

**SURANCE:** If Borrower purchases any insurance at Lender's office, Borrower understands and acknowledges that (1) the insurance company may be affiliated with Lender, (2) Lender's employees may be an agent for the insurance company, (3) such employees is not acting as the agent, broker, fiduciary for Borrower on this loan, but may be the agent of the insurance company, and (4) Lender or the insurance company may realize some profit from the sale of that insurance. If Borrower fails to obtain or maintain any required insurance or fails to designate an agent through whom the insurance is to be obtained, Lender may purchase such required insurance for Borrower through an agent of Lender's choice, and the amounts paid by Lender will be added to the unpaid balance of the loan.

**FINANCIAL STATEMENTS:** Borrower will sign all financing statements, continuation statements, security interest filing statements, and similar documents with respect to the Property at Lender's request.

**THE CHARGE:** If a payment is 10 days or more late, Borrower agrees to pay a late charge of the greater of \$ 5.00 or 5.0% of the amount of the late payment. Lender, at its option, may waive any late charge or portion thereof without waiving its right to require a late charge with and to pay other late payments.

**TITLE INSURANCE AUTHORIZATION:** If this loan is secured, Lender may require, as a condition of making this loan, that a title insurance policy or similar substitute acceptable to Lender be procured by Borrower.

**RECHARGES:** Lender may charge a \$ 25.00 fee if a check is dishonored on the second presentation.

**OTHER CHARGES:** Borrower will also repay the following fees, which are included in Principal and reflected in the Disclosure Statement if applicable: attorney's fees for services rendered in connection with the preparation, closing, or disbursement of the loan; any expense, tax or charge paid by Lender to a governmental agency; fees for examination of title, appraisal, or other costs necessary or appropriate to the security for the loan; fees and premiums for any applicable insurance coverage.

**DEFAULT:** Borrower will be in default if:

1. Borrower does not make any scheduled payment on time;
2. Borrower is (or any other person pays Borrower) in bankruptcy, insolvency or receivership;
3. Any of Borrower's creditors attempts by legal process to take and keep any property of Borrower, including the Property securing this loan;
4. Borrower fails to fulfill any promise made under this agreement; or
5. A default occurs under any Real Estate Mortgage or Deed of Trust which secures this loan or under any other mortgage or deed of trust on the real property.

Borrower defaults, Lender may require Borrower, without notice, to repay the entire unpaid principal balance and any accrued interest at once. Lender's failure to exercise or delay in exercising any of its rights when default occurs does not constitute a waiver of these or any other rights under this agreement.

Borrower defaults, Lender may recover from Borrower all actual costs and other collection costs. If the debt is referred for collection to any agency, which is not a limited employee of Lender, Lender may charge and collect from Borrower a reasonable attorney's fee.

(Intentionally left blank)

Borrower's Initials: *AL* *HL*



**REPOSSESSION OR LIQUIDATION:** If Borrower defaults, Lender will deliver the Property to Lender or, upon Lender's demand, assemble the Property and make it available to Lender at a reasonably convenient place. Lender may, without previous notice or demand and without legal process, peacefully enter a place where the Property is housed and take possession of it.

(Property may be sold with notice at a private or public sale at a location chosen by Lender. At such a sale, Lender may purchase the Property. The costs of the sale, minus the expenses of taking, removing, holding, repairing and selling the Property, including reasonable attorney's fees, and as the cost of paying off and removing any superior liens or claims on the Property, will be credited to the unpaid balance of Borrower's loan. If the proceeds of sale are not sufficient to pay off the entire balance plus costs, Borrower agrees to pay the remaining amount upon demand. If power has been taken in the repossessed Property, Lender may sell such property temporarily for Borrower without responsibility or liability to the property.)

(The date and place from which a private sale will occur is reasonable if mailed to the Borrower's address.)

the time and place of a public sale or notice of the time after which a private sale will occur is reasonable if mailed to the Borrower's address last ten days before the sale. The notice may be mailed to the Borrower's last address shown on Lender's records.

past ten days before the sale. The notice may be mailed to the borrower's last address shown on lender's records.

**WHAT APPLIES:** Maryland law and federal law, as applicable, govern this Disclosure Statement, Note and Security Agreement. In no event will it be required to pay interest or charges in excess of those permitted by law. This loan is made pursuant to Maryland Commercial Law Article § 12, Subtitle 10, Credit Grantor Closed End Provisions.

**DEFERRED RIGHTS:** Lender may accept payments after maturity or after a default without waiving its rights with respect to any subsequent default in payment. Borrower agrees that Lender may extend time for payment after maturity without notice. The terms of this agreement can be waived or amended only in a writing signed by Lender.

use the context requires, singular words may be read in the plural and plural words in the singular, and references to the masculine gender may be read to apply to the feminine gender.

**JOINT BORROWERS:** Each Borrower agrees that Lender can change the repayment terms and release any Property securing the loan, or add parties to or remove parties from this agreement without notice to any other Borrower and without releasing any other Borrower from his responsibilities. Lender may sue any or all Borrowers upon the default by any one or more of them to notify Borrower before instituting suit if the note is not paid, and Lender can sue any or all Borrowers upon the default by any one or more of them.

power, endorsers, sureties and guarantors, to the extent permitted by law, severally waive their right to require Lender to demand payment of sums due to give notice of amounts that have not been paid, to receive notice of any extensions of time to pay which Lender allows to any borrower, to require Lender to show particular diligence in bringing suit against anyone responsible for repayment of this loan, and additionally, waive benefit remedy and exoneration laws now in force or later enacted, including stay of execution and condemnation, on any property securing this loan and the benefit of valuation and appraisement.

5. **Disclosure Statement, Note and Security Agreement** shall be the joint and several obligation of all makers, sureties, guarantors and endorser and he by binding upon them, their heirs, successors, legal representatives and assigns.

by part of the Disclosure Statement, Note and Security Agreement and, if applicable, the Mortgage or Deed of Trust and accompanying documentation. Amount financed is unenforceable; this will not make any other part unenforceable.

**FINANCING:** The overall cost of refinancing an existing loan balance may be greater than the cost of keeping the existing loan and obtaining a new loan for any additional funds. Borrower wishes to borrow.

**NOTATION PROVISION:**

READ THE FOLLOWING ARBITRATION PROVISION CAREFULLY. IT LIMITS CERTAIN OF YOUR RIGHTS, INCLUDING YOUR RIGHT TO OBTAIN REDRESS THROUGH COURT ACTION.

consideration of Lender making the extension of credit described above and other good and valuable considerations, the receipt and sufficiency of which is acknowledged by both parties, it is further agreed as follows:

Definitions for Arbitration Provision. As used in this Arbitration Provision ("Provision"), the following definitions will apply:

Definitions for Arbitration Provision. As used in this Arbitration Provision ("Provision"), the following Definitions shall apply: "I" or "You" means any of all of Borrower(s) who execute this Provision, and their heirs, survivors, assigns, and representatives; "Lender" means Lender, any assigned, together with their respective corporate parents, subsidiaries, affiliates, predecessors, assigns, successors, or "Us" means Lender, any assigned, together with their respective corporate parents, subsidiaries, affiliates, predecessors, assigns, successors, or their estate, jointly and severally, in their individual or individual capacity.

“or Us” means Lender, any assignee, together with their respective corporate partners, subsidiaries, affiliates, predecessors, successors, agents, attorneys, employees, agents, directors, and officers (whether acting in their corporate or individual capacity).

"**Suit**" means any oral, written or otherwise demand, claim, suit, action, lawsuit, or legal proceeding, whether commenced or threatened, by or against You or Us, arising from or related to this Agreement, or otherwise from any of Us to You. "Suit" means any case, controversy, dispute, tort, disagreement, lawsuit, or claim now or hereafter existing between You and Us. A Suit includes, without limitation, anything that concerns:

- This Provision:
- Any past, present, or future Credit Transaction;
- Any past, present, or future insurance, service, or product that is offered in connection with a Credit Transaction;
- Any documents or instruments that contain information about any Credit Transaction, insurance, service, or product; or
- Any act or omission by any of Us regarding any Cism.

[illegible]

amples of Claims that are governed by this Agreement include those involving

- The Truth in Lending Act and Regulation Z;
- The Equal Credit Opportunity Act and Regulation B;
- State insurance, money, and lending laws; fraud or misrepresentation, including claims for failing to disclose material facts;
- Any other federal or state consumer protection statute or regulation;
- Any party's execution of this Provision and/or willingness to be bound by its terms and provisions; or
- Any dispute about closing, servicing, collecting, or enforcing a Credit Transaction.

agreement. Judgment upon any arbitration award may be entered in any court having jurisdiction.

gment. Judgment upon any arbitration award may be entered in any court having jurisdiction  
ains Excluded from Arbitration. The following types of matters will not be arbitrated. This means that neither one of us can require the other to  
arbitrate:

- Any action to effect a foreclosure to transfer title to the property being foreclosed or  
 Any matter where all parties seek monetary damages in the aggregate of \$15,000.00 or less in actual damages (compensatory and punitive), costs, and fees.

However, should either party initiate arbitration, the other party, at its option, may seek injunctive and monetary relief in arbitration. Participating in a suit or seeking enforcement of this section by a court shall not waive the right to arbitrate any other claim.

## Additional Terms.

(d) Optional Terms. Administration of Arbitration. Arbitration shall be administered by the Administrator, but if it is unable or unwilling to administer the arbitration, then the American Arbitration Association will administer any arbitration required under this Provision pursuant to its Commercial Arbitration Rules and Expedited Procedures, except for any appeal, which will be governed by Rule 23 of the Comprehensive Arbitration Rules and Procedures of the Administrator.

**Place of Arbitration:** The arbitration shall be conducted in the county of your residence, unless all parties agree to another location.

Appeal. Either You or We may appeal the arbitrator's award to a three-arbitrator panel, which shall reconsider de novo any aspect of the initial award requested by the appealing party subject to Rule 23 of the Comprehensive Arbitration Rules and Procedures of the Administration.

Borrower's Initials: SS

No Class Actions/No Joinder of Parties. You agree that any arbitration proceeding will only consider Your Claims. Claims by or on behalf of other borrowers will not be arbitrated in any proceeding that is considering Your Claims. Similarly, You may not join with other borrowers to bring Claims in the same arbitration proceeding, unless all of the borrowers are parties to the same Credit Transaction. The arbitrator has the authority to award punitive damages and the arbitrator may award punitive damages if applicable law permits the award of punitive damages and the arbitrator awards such an award. Any punitive damages awarded to You or Us may not exceed the greater of \$250,000.00 or three times the amount of actual compensatory damages awarded by the arbitrator.

Depositions. After a demand for arbitration is made, You and We may conduct a limited number of depositions by mutual agreement. Any disagreements over depositions will be resolved by the arbitrator.

Costs. The cost of any arbitration proceeding shall be divided as follows:

- The party making demand upon the Administrator for arbitration shall pay \$125.00 to the Administrator when the demand is made.
- We will pay to the Administrator all other costs for the arbitration proceeding up to a maximum of one day (eight hours) of hearings.
- All costs of the arbitration proceeding that exceed one day of hearings will be paid by the non-prevailing party.
- In the case of an appeal, the appealing party will pay any costs of initiating an appeal. The non-prevailing party shall pay all costs, fees, and expenses of the appeal proceeding and, if applicable, shall reimburse the prevailing party for the cost of filing an appeal.
- Each party shall pay his/her own attorney, expert, and witness fees and expenses, unless otherwise required by law.

Right of Rescission. You may rescind any Credit Transaction within three business days after closing by returning all proceeds of any loan to Us with a written notification of Your rescission. If You rescind a Credit Transaction within three business days after closing, You may also rescind this Provision as it applies to the Credit Transaction that You rescinded. This right to cancel the Credit Transaction is in addition to any other right to cancel a Credit Transaction You may have under Federal or State law, or as may have been communicated to You in writing by Us in any loan solicitation, advertisement or other marketing related document.

Governing Law. This Provision is governed by federal law and by the laws of the state where the closing of the Credit Transaction took place, but only to the extent that such state laws are consistent or compatible with federal law.

Severability. If the arbitrator or any court determines that one or more terms of this Provision or the arbitration rules are unenforceable, such determination shall not impair or affect the enforceability of the other provisions of this Agreement or the arbitration rules.

#### Special Acknowledgments.

You understand and acknowledge by signing Your name to this Provision that: (i) a court and/or jury will not hear or decide any Claim governed by this Provision; (ii) the funding for Your Credit Transaction will come in whole or in part from sources outside this state, which will constitute interstate commerce within the meaning of the United States Arbitration Act, 9 U.S.C. §§1-9; (iii) discovery in an arbitration proceeding can be much more limited than in a court proceeding; (iv) the arbitrator may not give written reasons for his/her award; (v) rights to appeal an arbitration award are very limited; and (vi) the rights of the parties hereunder may not be exactly mutual in all respects.

READ THE ABOVE ARBITRATION PROVISION CAREFULLY. IT LIMITS CERTAIN OF YOUR RIGHTS, INCLUDING YOUR RIGHT TO OBTAIN REDRESS THROUGH COURT ACTION.

*Howard A. Hatter*  
HOWARD A. HATTER  
*Leoneda Hatter*  
LEONEDA HATTER

(Seal)  
-Borrower  
(Seal)  
-Borrower

The following notice applies only if this box is checked.

#### NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

By signing below, Borrower agrees to the terms contained herein, acknowledges receipt of a copy of this Disclosure Statement, Note and Security Agreement and, if applicable, the Mortgage or Deed of Trust; and of the accompanying Itemization of Amount Financed, and authorizes the disbursement stated herein.

WITNESSES:

*[Signature]*  
*[Signature]*

SIGNED:  
*Howard A. Hatter*  
HOWARD A. HATTER  
*Leoneda Hatter*  
LEONEDA HATTER

(Seal)  
-Borrower  
(Seal)  
-Borrower  
(Seal)  
-Borrower

CITIFINANCIAL, INC.

By: *[Signature]*  
(Name and Title)

(Seal)

**SECURITY INTEREST OF NONOBLIGOR:** Borrower only is personally liable for payment of the loan. Nonobligor is liable and bound by all other terms, conditions, covenants, and agreements contained in this Disclosure Statement, Note and Security Agreement, including but not limited to the right and power of Lender to repossess and sell the Property securing this loan, in the event of default by Borrower in payment of this loan.

Signature

(Seal)

Date

Signature

(Seal)

Date

**Identification of Security Form (Valuation of Personal Property)**  
 In connection with the security agreement I (we) hereby identify the personal property securing  
 a loan together with a total of the replacement value of the property defined below.

Name of Borrower(s): HOWARD A HATTER LEONEDA HATTER  
 Account Number: 260100191387

1. ITEMS PURCHASED WITH THE PROCEEDS OF THE CREDIT TRANSACTION			
#	ITEM	DESCRIPTION	REPLACEMENT VALUE
2. ITEMS CURRENTLY OWNED BY THE BORROWER(S)			
I (we) own <u>2</u> television sets and <u>3</u> radios and I (we) agree to offer as security the television and/or radios listed and described below (if any):			
#	ITEM	DESCRIPTION	REPLACEMENT VALUE
1	TELEVISIONS	25"	1,000
1	VCR	RCA	500
1	CAMCORDER	CANNON	500
50	VIDEO TAPES		400
1	RADIOS	GENIUS	400

I (we) hereby affirm that the replacement value of goods used as security on this credit transaction is \$ 3,200  
 Date: 02/29/2009 Borrower(s) Signature: [Signature]

Borrower(s) Signature: [Signature]

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND

IN RE:

Howard & Leoneda Hatter

Debtor

Howard & Leoneda Hatter

Movant(s)/Plaintiff(s)

v.

Citifinancial Inc.

Respondent(s)/Defendant

\*

\* Case # 00-62823JS

\* Chapter 13

\* Order to Avoid Lien with

\* Citifinancial Inc.

\* Pleading Title

\*

\*

\* Motion/ Adversary No. \_\_\_\_\_

\*\*\*\*\*

**ORDER TO AVOID LIEN IMPAIRING DEBTOR'S EXEMPTIONS**

Upon the foregoing Motion, good cause having been show, it is this \_\_\_\_ day of \_\_\_\_\_, 2000, by the U.S. Bankruptcy Court of the District of Maryland;

**ORDERED**, that the non-possessory, non-purchase-money security interest/agreement/lien of Citifinancial Inc., upon the personal property including household furnishings goods, wearing apparel, appliances, books, musical instruments and jewelry of the Debtor(s) is hereby avoided.

\_\_\_\_\_  
U.S. Bankruptcy Judge

Distribution of Order:  
Rhonda C. Neuman, Esq.  
P.O. Box 129  
Columbia, MD 21045  
Attorney for Movant/Plaintiff

Citifinancial Inc.  
P.O. Box 9843  
Towson, MD 21284  
Respondent

Cohn, Goldberg, & Deusch  
600 Baltimore Avenue  
Suite 208  
Towson, MD 21204  
Attorney for Respondent

U.S. Life Credit Corp.  
300 East Lombard Street  
Baltimore, MD 21202  
Resident Agent

Joel Goldberger, Esq.  
7310 Ritchie Highway  
Suite 715  
Glen Burnie, MD 21061  
Trustee

Howard & Leoneda Hatter  
119 Cinder Road  
Lutherville, MD 21093  
Movant(s)/ Plaintiff(s)

Office of the U.S. Trustee  
300 W. Pratt Street  
Suite 350  
Baltimore, MD 21201